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STATE DOCUMENTS

REPORT

MONTANA. TEACHERS'
RETIREMENT BOARD

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TEACHERS RETIREMENT SYSTEM
of the
STATE OF MONTANA

REPORT AS OF JUNE 30, 1946

For the period beginning July 1, 1944 and ending June 30, 1946 as required by the Retirement law as passed by the 1937 Legislature

RETIREMENT BOARD

Elizabeth Ireland, Chairman
R. V. Bottomly, Attorney General
George P. Porter, State Treasurer
Mary McNelis, Butte Teacher
Fred Daylis, Billings Teacher

Floyd E. Young, Actuary
R. W. Harper, Executive Secretary

The second year of the biennium ending June 30, 1945 was the first year under the new law. It was therefore the first year in the history of the 1937 Teachers' Retirement Law that all teachers who had been retired have received 100% pensions.

Also during this biennium the five year actuarial investigation of the System was made in accordance with the law. The results of the investigation cannot be used, however, to adjust the basis of the State's Deficiency Contribution because of the abnormal condition relating to the employment of teachers during the war years.

As these abnormal rates of retirement also automatically reflect themselves in the death and disability rates it is not felt that the five year experience between 1940 and 1945 can be used with safety in calculating the State's Contribution rate. For these reasons the valuation of the System as of June 30, 1946 was made on the basis of the investigation made in 1940 and on the rate of withdrawal, death and disability as determined in the 1940 investigation.

The following pages give the detailed statements of Income and Disbursements for the biennium, Assets and Liabilities as of June 30, 1946 and an itemized statement of the Income and Disbursements of the Expense Fund. A list of the Bonds and registered warrants follows. A statistical summary covering active, active on leave, and retired members of the System is also included.

The liabilities of the System have been calculated on a full actuarial reserve basis as provided for in the law. For this reason a non-ledger asset "Present Value of Future State Contributions" must be included in the total assets. The amount in this account exhibits how much should be received from the state if the Retirement System is ever to be on an actuarially sound reserve basis.

Graphs exhibiting the greatly increased withdrawal rate as compared with the same rate for the period 1937 through 1940 are attached.

Just a cursory glance at the graphs comparing the withdrawal rates for the period 1937-1940 with the same experience during 1940-45 reveals the fact that teachers are leaving either their profession in this state; or their profession entirely; literally in drooves. As the same situation is recognized nationally it must be presumed that those withdrawing are leaving the profession entirely, to earn higher incomes--which they admittedly can--in other fields of endeavor. The fact that the older and more experienced teachers are withdrawing is further brought out by the statistics that show 2675 withdrawals of deposits during the biennium ending 6/30/46, totalling $413,597.67. This represents an average withdrawal of $155.00 per teacher. The only way this high average per teacher can be obtained is to have made several years of deposits of 5% of salary to the System before withdrawing from the Retirement System.

INCOME & DISBURSEMENT STATEMENT
combined with the
ASSET & LIABILITY STATEMENT

Balance Forward 6/30/44			1,755,354.39
Annuity Savings Fund	806,547.09		
Expense Fund, Teachers	10,090.38		
Expense Fund, State	4,000.00		
Furniture & Fixtures	3,653.35		
Pension Accumulation Fund, State	150,000.00		
Pension Accum. Fund, Employer Contribution	264,246.04		
Interest	90,081.22		
Cancelled checks, A.S.F. & Expense	209.52		
Cancelled checks, P.A.F.	2,058.77		
Cancelled checks, A.R.F.	52.50		
Total Income		1,330,938.87	
			3,086,293.26
Disbursements			
Annuity Savings Refunds	413,597.67		
Expense, Teachers	23,238.81		
Expense, State	4,000.00		
Interest Purchased	1,475.54		
Pensions, P.A.F.	413,365.17		
Pensions A.R.F.	10,173.62		
Bond Amortization	9,788.47		
Total Disbursements		875,639.28	
Balance as of June 30, 1946			2,210,653.98

LEDGER ASSETS 6/30/46

Items in Transit	28,767.57	
Registered Warrants	908.08	
Union Bank	99,347.96	
First National Bank	66,357.85	
Bonds	2,011,890.14	
Furniture & Fixtures	3,382.38	
Total Ledger Assets		2,210,653.98

NON-LEDGER ASSETS 6/30/46

Accrued Interest	11,949.05	
Present Value Future State Contributions	8,502,874.83	
Total Non-Ledger Assets		8,514,823.88
Total Assets		10,725,477.86

LEDGER LIABILITIES

Annuity Savings Fund	1,971,033.60	
Expense Fund	708.24	
Pension Accumulation Fund	174,611.24	
Annuity Reserve Fund	63,800.90	
Equipment Reserve	500.00	
Total Ledger Liabilities		2,210,653.98

NON-LEDGER LIABILITIES

Additional Required Annuity Reserve Fund	6,546.39	
Required State Reserve for)Pension	5,745,087.35	
Prior & Membership service)Disability	265,576.44	
State Reserves for Retired Teachers	2,497,613.70	
Total Non-Ledger Liabilities		8,514,823.88
Total Liabilities		10,725,477.86

EXPENSE FUND
INCOME & DISBURSEMENTS
1944-45 & 1945-46

Balance Forward, July 1, 1944			818.15
Teacher Member Fees	13,194.90		
State Appropriation	4,000.00		
By Transfer from Interest (Chapt.137,1945)	4,000.00		
One-Fourth Interest on Refunds	6,052.00		
From Sales of Old Equipment	359.00		
Total Income		27,605.90	
Total			28,424.05

Disbursements			
Salaries	19,509.57		
Stationary & Supplies	1,236.04		
Repairs, Telephone, Bond	634.81		
Rent	444.16		
Postage	1,316.60		
Board & Medical Exam. Expense	632.22		
Travel	479.55		
Equipment	1,214.84		
Actuarial Investigation	1,200.00		
Extra Help	548.02		
Total Disbursement			27,215.81
			1,208.24
Less Equipment Reserve Set Aside			500.00
Balance			708.24

Cost of operation is about 2.2% of Net Income

NAME OF BOND	PURCHASE PRICE (PAR VALUE)	BOOK VALUE
Belgrade H.S.	10,000.00	10,000.00
Fallon County	10,000.00	10,597.50
Fallon County	20,000.00	20,747.50
Flathead Co	35,048.00	35,048.00
Liberty Co	8,000.00	8,000.00
Liberty Co	7,750.00	7,750.00
Lincoln Co	17,500.00	17,500.00
Montana State	148,000.00	148,000.00
Rosebud Co	25,000.00	26,297.60
U.S. Savings, Series C '38	7,500.00	9,200.00
U.S. Savings, Series D '39	7,500.00	8,800.00
U.S. Savings, Series D '40	7,500.00	8,600.00
U.S. Savings, Series F '41	49,950.00	53,797.50
U.S. Savings, Treasury '41	161,000.00	165,702.87
U.S. Savings, Treasury '41	50,000.00	50,157.31
U.S. Savings, Series F '42	49,950.00	52,380.00
U.S. Savings, Treasury '42	50,000.00	50,000.00
U.S. Savings, Treasury '42	50,000.00	50,314.72
U.S. Savings, Treasury '42	50,000.00	50,375.00
U.S. Savings, Treasury '42	50,000.00	50,312.50
U.S. Savings, Treasury '42	100,000.00	100,626.17
U.S. Savings, Treasury '42	50,000.00	50,480.49
U. S. Savings, Tresury '42	50,000.00	50,480.49
U.S. Savings, Series F '42	49,950.00	51,772.50
U.S. Savings, Treasury '42	50,000.00	50,480.49
U. S. Savings, Series F '43	49,950.00	51,300.00
U. S. Savings, Treasury '43	125,000.00	125,000.00
U.S. Savings, Treasury '43	25,000.00	25,000.00
U.S. Savings, Treasury G '43	90,000.00	90,000.00
U.S. Savings, Treasury G '44	50,000.00	50,000.00
U.S. Savings, Treasury G'44	50,000.00	50,000.00
U.S. Savings, Treasury '44	50,000.00	50,000.00
U.S. Treasury '44	50,000.00	50,000.00
U.S. Treasury '44	65,000.00	65,000.00
U.S. Treasury '45	50,000.00	50,395.69
U.S. Treasury '45	50,000.00	50,000.00
U. S. Treasury '45	10,000.00	10,000.00
U.S. Treasury '46	85,000.00	87,501.06
U.S. Treasury '46	75,000.00	78,722.75
U.S. Treasury '46	40,000.00	41,550.00
	1,979,598.00	2,011,890.14

WARRANT INVESTMENTS

REGISTERED WARRANTS ON HAND AS OF JUNE 30, 1946

Broadwater Co.		12,75
Chouteau Co.		12.57
Fergus Co.		28.07
Flathead Co.		33.00
Glacier Co.		55.58
Lake Co.		25.00
Richland Co.		68.84
Silver Bow Co.		46.76
Towns		625.53
	Total	908.08

MEMBERSHIP STATISTICS
June 30, 1946

Active teachers, public school	4371
University teachers	472
State department	66
Active on leave	1253
Total	6085

Average membership through school year - 6500 members

REFUNDS BY YEARS

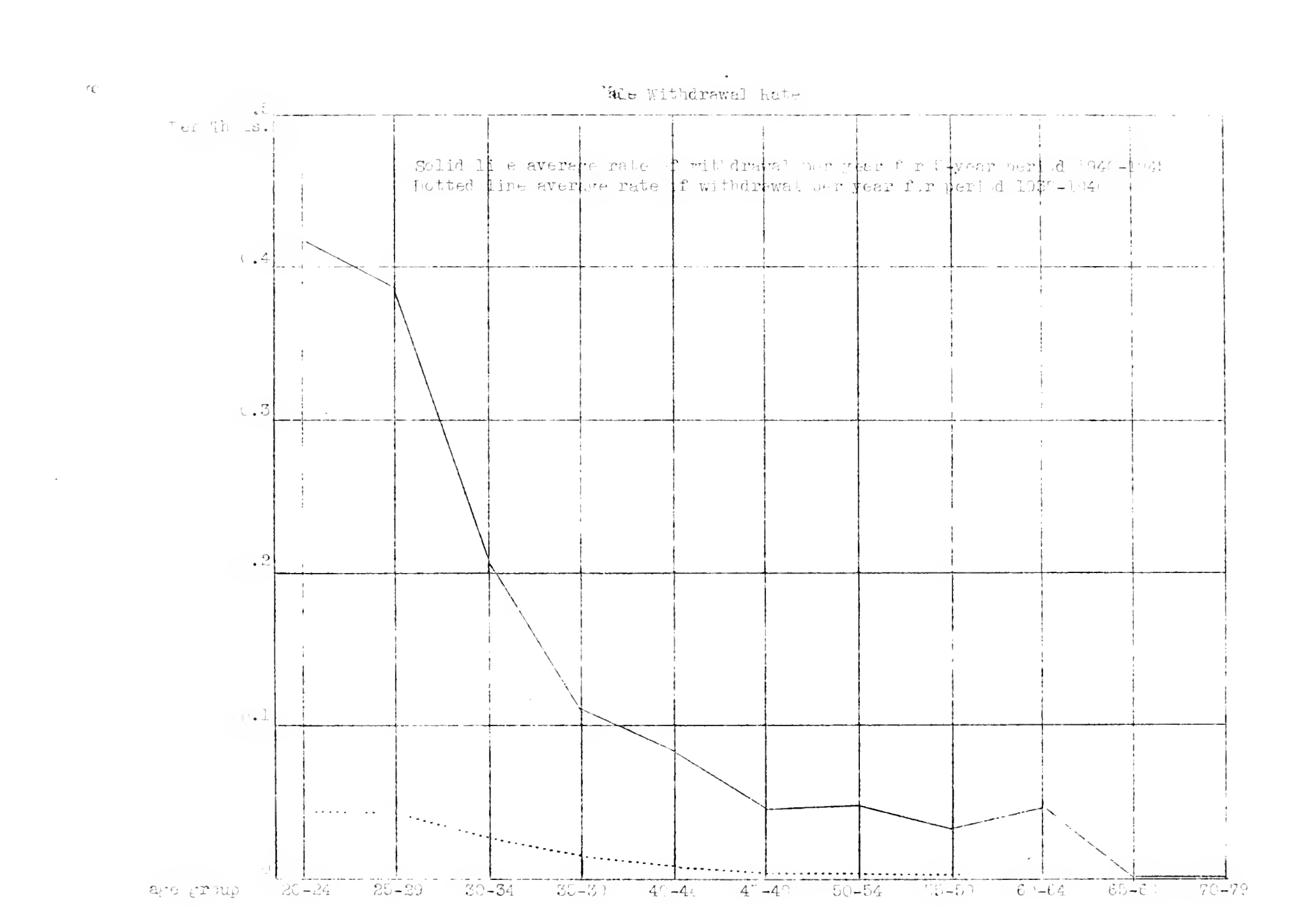
Year	No. Made	Amount
1937-40	1207	59,347.46
1940-41	665	68,561.67
1941-42	680	111,339.26
1942-43	1145	154,331.13
1943-44	1150	163,841.33
1944-45	1333	205,721.75
1945-46	1342	207,875.92
Total	7522	971,018.52

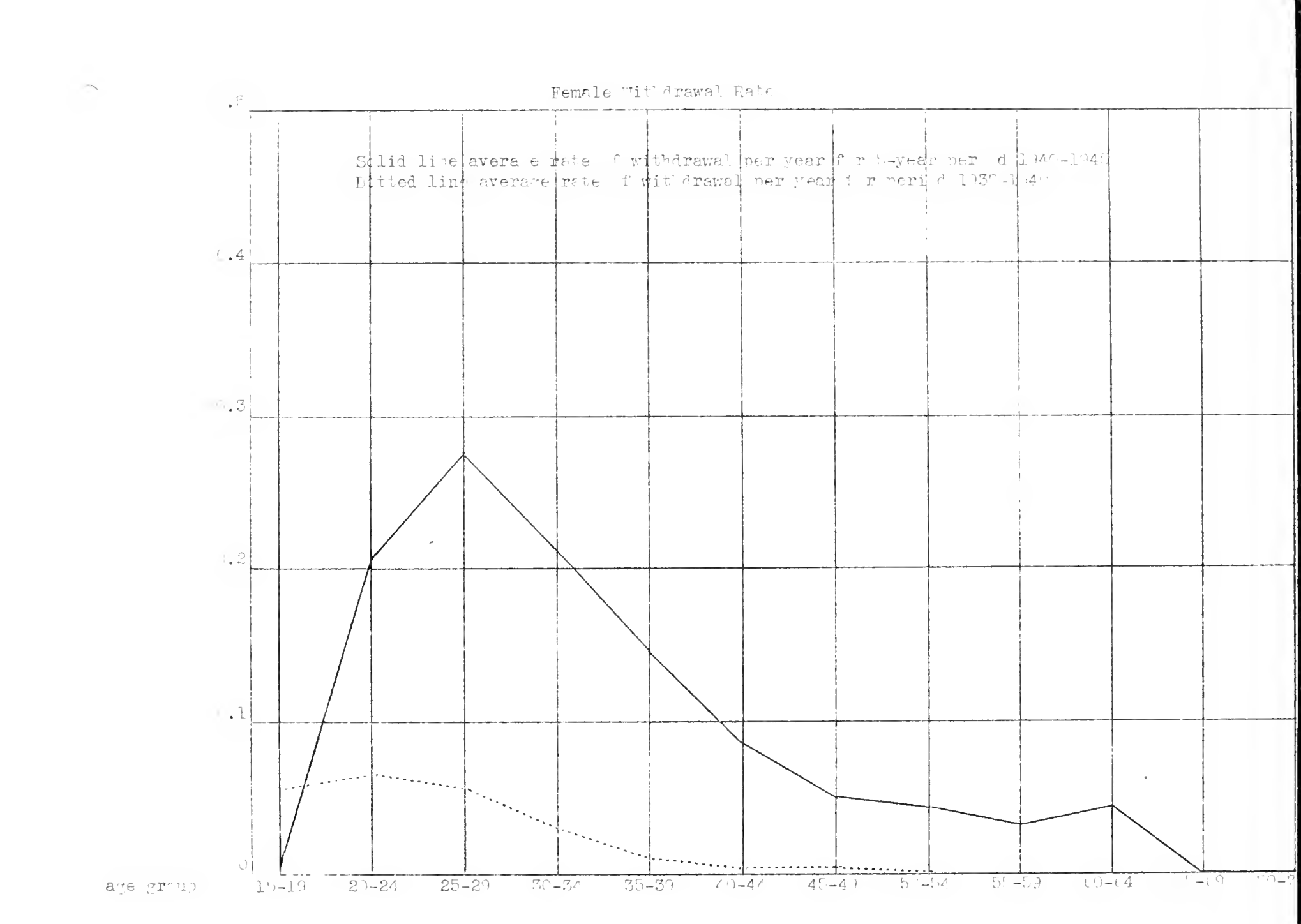
RETIREMENTS

Number receiving benefits as of Sept. 1, 1937 -- 230
Number receiving benefits as of June 30, 1946 -- 424
30 more added in July & Oct. 1946

Average monthly pension payments year 1945-46 -- $21,000.00
Average monthly pension payments year 1946-47 -- 23,000.00

Total paid out in benefits to retired teachers since September 1, 1937 -- $2,222,773.03


Withdrawal Rate
Solid line average rate of withdrawal per year for 5-year period 1940-1944
Dotted line average rate of withdrawal per year for period 1935-1944
.4
.3
.2
.1
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65-69
70-79


Female Withdrawal Rate
Solid line average rate of withdrawal per year for 5-year period 1940-1945
Dotted line average rate of withdrawal per year for period 1935-1940
.5
.4
.3
.2
.1
0
age group
15-19
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64